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Message Text

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ACTION EB-11

INFO OCT-01 EUR-25 ISO-00 FEA-02 AGR-20 CEA-02 CIAE-00

COME-00 DODE-00 FRB-03 H-03 INR-11 INT-08 L-03 LAB-06

NSAE-00 NSC-07 PA-04 RSC-01 AID-20 CIEP-03 SS-20

STR-08 TAR-02 TRSE-00 USIA-15 PRS-01 SP-03 OMB-01

SWF-02 DRC-01 /183 W
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TO SECSTATE WASHDC 1767
INFO AMEMBASSY BONN
AMEMBASSY PARIS
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PASS AGRICULTURE

E.O. 11652: N/A
TAGS: ETRD, EAGR
SUBJECT: EC GATE PRICES AND SUPPLEMENTARY LEVIES FOR TURKEY PRODUCTS

REF: A. STATE 169072 B. BRUSSELS 5943

1. EMBASSY CALLED ON DEL LIL, BELGIAN MINAG OFFICIAL ON EC POULTRY MANAGEMENT COMMITTEE TO FOLLOW-UP ON PREVIOUS DEMARCHE AFTER AUGUST 6 MEETING OF PMC.

2. DE LIL MADE NO COMMENT RE WHICH COUNTRY SOUGHT HIGHER LEVIES EXCEPT MENTIONED THAT FRENCH TURKEY INDUSTRY CURRENTLY HAS DIFFICULTY MOVING ITS PRODUCTS. HE EMPHASIZED THAT GATE PRICE AND LEVIES BASED ON CAP AND THAT (AS WASHINGTON AWARE) LEVIES
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COULD HAVE BEEN HIGHER BUT COMMITTEE EXERCISED RESTRAINT DUE TO

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U.S. OBJECTIONS TO HIGH LEVIES.

3. DE LIL MENTIONED THAT GATE PRICE HAD NOT BEEN RAISED FOR TWELVE YEARS AND COSTS OF LABOR, SOYBEAN MEAL AND OTHER ITEMS HAVE INCREASED SUBSTANTIALLY IN MEANTIME.

4. SAID REGULAR LEVY NOW LOW SINCE BASED ON (1) DIFFERENCE IN CEREALS PRICES PLUS (2) SEVEN PERCENT PREFERENTIAL AMOUNT. THE CEREALS PORTION IS ZERO DUE HIGH WORLD PRICES.

5. SINCE SUPPLEMENTAL LEVEIS BASED ON DIFFERENCE BETWEEN GATE PRICE AND THIRD COUNTRY OFFERS C & F EC PORTS, WE ASKED FOR SOME EXAMPLES WHICH DE LIL PROVIDED FORM COMMITTEE WORKING DOCUMENT SHOWING PRICES IN EC UNITS OF ACCOUNT PER 100 KG. AND JULY OFFERS AT GERMAN PORTS. (ONE U.A. EQUALS ABOUT $1.20.)

ITEM	GATE PRICE	U.S. OFFERS	DIFFERENCE	SUP.LEVY
WHOLE TURKEY	116.20	85.89	30.31	15
TURKEY BREAST	191.73	114.23	77.50	40
DRUMSTICKS	104.58	69.65	34.93	17

2. DE LIL SAID COEFFICIENTS FOR CALCULATING LEVIES ON PARTS ARE BASED ON RELATIONSHIP OF PRICE OF PART TO PRICE OF WHOLE BIRD DURING LAST THREE YEARS. THESE HAVE BEEN UPDATED, CHANGING SEVERAL COEFFICIENTS.

7. IN CONCLUDING DISCUSSION DE LIL ASKED USUAL QUESTION WHY U.S. EXPORTERS DO NOT RAISE PRICES SO SUPPLEMENTAL LEVY COULD BE REDUCED OR ELIMINATED. WHEN WE REPLIED PRICES SET IN FREE MARKET AND COMPETITION PREVENTS EXPORTERS FROM RAISING PRICES, DE LIL SAID SINCE EC IS DEFICIENT IN TURKEY PRODUCTION U.S. SHOULD BE ABLE SELL TURKEYS DESPITE LEVY (SIC).

8. CURRENT RETAIL PRICE FOR PRECOOKED U.S. TURKEY ROAST IN ANTWERP IS B.F. 130/KG. COMPARED TO B.F. 75/KG. FOR SIMILAR ROAST FROM BRITTANY, FRANCE. HIGH QUALITY OF U.S. PRODUCT PERMITS SOME SALES DESPITE WIDE PRICE DIFFERENTIAL. RENNER

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